

RESOLUTION NO. 2726

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND  
AUTHORIZING AN APPLICATION TO THE MARYLAND STATE ARTS  
COUNCIL OF THE MARYLAND DEPARTMENT OF COMMERCE TO  
REDESIGNATE THE BOUNDARIES OF THE EXISTING ARTS AND  
ENTERTAINMENT DISTRICT

WHEREAS, the City Council is interested in promoting the development and expansion of Salisbury's arts and entertainment venues in our community by attracting new artists, entertainers, and developers; and

WHEREAS, the Maryland Department of Commerce can assist the City in this endeavor by allowing Salisbury to re-designate the existing Arts & Entertainment District, thereby providing tax credit incentives to qualifying artists and developers located within the boundaries of the district as shown on the attached map; and

WHEREAS, under State law, the designation of the Arts & Entertainment District provides:

- A. An income tax subtraction modification for qualifying residing artists under §10-207(v) of the Tax – General Article; and
- B. A property tax credit under §9-240 of the Tax – Property Article; and
- C. An exemption from the Admission and Amusement Tax under §4-104 of the Tax – General Article.

NOW, THEREFORE, BE IT RESOLVED, that the City of Salisbury agrees to the following:

1. The geographic boundary of the Salisbury Arts & Entertainment District (the "District") shall be as shown on the attached map titled, "Existing Salisbury Arts & Entertainment District;" and
2. The Mayor and City Council approve and support the re-designation of the District; and
3. The Mayor and City Council understand that the income tax subtraction modification under §10-207(v) of the Tax-General Article for qualifying residing artists in the District might affect the City's income tax receipts; and
4. If the Secretary of the Department of Commerce approves the District designation, the Mayor and City Council shall provide the following incentives to eligible persons in the District:
  - a. During the entire designation period approved by the Secretary, exemption from the Admission and Amusement Tax on gross receipts from any admissions or amusement charge levied by an arts and entertainment enterprise or qualifying residing artist in the District; and
  - b. During the entire designation period approved by the Secretary, a real property tax credit described in §9-240 of the Tax – Property Article against the City of

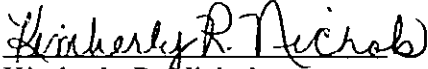
Salisbury on property tax imposed on the eligible assessment of an eligible building. The real property tax credit amount shall be the following percentage of the amount of property tax imposed on the eligible assessment of the property entitled to the credit:

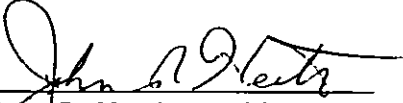
- i. 100% in each of the first 6 taxable years after the calendar year when the property initially is entitled to the credit;
- ii. 0% after the 6<sup>th</sup> taxable year.

NOW, THEREFORE, BE IT FURTHER RESOLVED, on this 13 day of February, 2017, that the Salisbury City Council hereby authorizes the submission of the Arts & Entertainment District application to the Maryland Department of Commerce.

THE ABOVE RESOLUTION, was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on the 13 day of February, 2017 and is to become effective immediately.

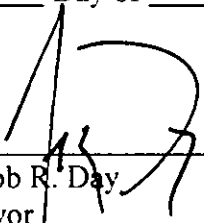
ATTEST:

  
\_\_\_\_\_  
Kimberly R. Nichols,  
City Clerk

  
\_\_\_\_\_  
John R. Heath, President  
Council President

APPROVED BY ME THIS:

14<sup>th</sup> Day of FEB, 2017

  
\_\_\_\_\_  
Jacob R. Day  
Mayor

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INTER

OFFICE

# MEMO

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## OFFICE OF THE MAYOR

**To:** Julia Glanz, Acting City Administrator  
**From:** Laura Kordzikowski  
**Subject:** Arts & Entertainment District Re-Designation Application  
**Date:** February 13, 2017

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### BACKGROUND

The Arts & Entertainment District has filed an intent to apply for their re-designation of the Salisbury Arts & Entertainment District. The existing Arts & Entertainment District covers approximately 85.16 acres of land in the City. There are no proposed expansions to the District included in the application for re-designation. Attached for review, is a map delineating the existing Arts & Entertainment District. The current designation for the Arts & Entertainment District is set to expire June 30, 2017 and the application for re-designation is due April 1, 2017. There are some benefits that go along with this designation and they are detailed below.

### PROPERTY TAX BENEFITS

The Arts & Entertainment District property tax credit is calculated based on the value of improvements made to space renovated for art and/or entertainment use, *not* an entire building. Wicomico County currently provides a Property Tax Benefit for a period of 6 years from the date of an approved resolution. The Property Tax Credit may be granted to new buildings or buildings that have been recently renovated and will need to be reviewed by the Department of Assessments and Taxation on a case by case basis to calculate the amount of the credit. In order to qualify for the Property Tax Credit, the building must be wholly or partially renovated/built for use by a qualifying artist of Arts & Entertainment enterprise. The real property tax credit amount shall be the following percentage of the amount of property tax imposed on the eligible assessment of the property entitled to the credit:

- i. 100% in each of the first 6 taxable years after the calendar year when the property initially is entitled to the credit;
- ii. 0% after the 6th taxable year

### ARTIST INCOME TAX BENEFITS

An Income Tax Subtraction Modification is available for income derived from artistic work sold by "qualifying resident artists". Artists who qualify do not pay state or local income tax on income derived from artistic work created and sold within an Arts & Entertainment District

### **EXEMPTION FROM THE ADMISSION AND AMUSEMENT TAX**

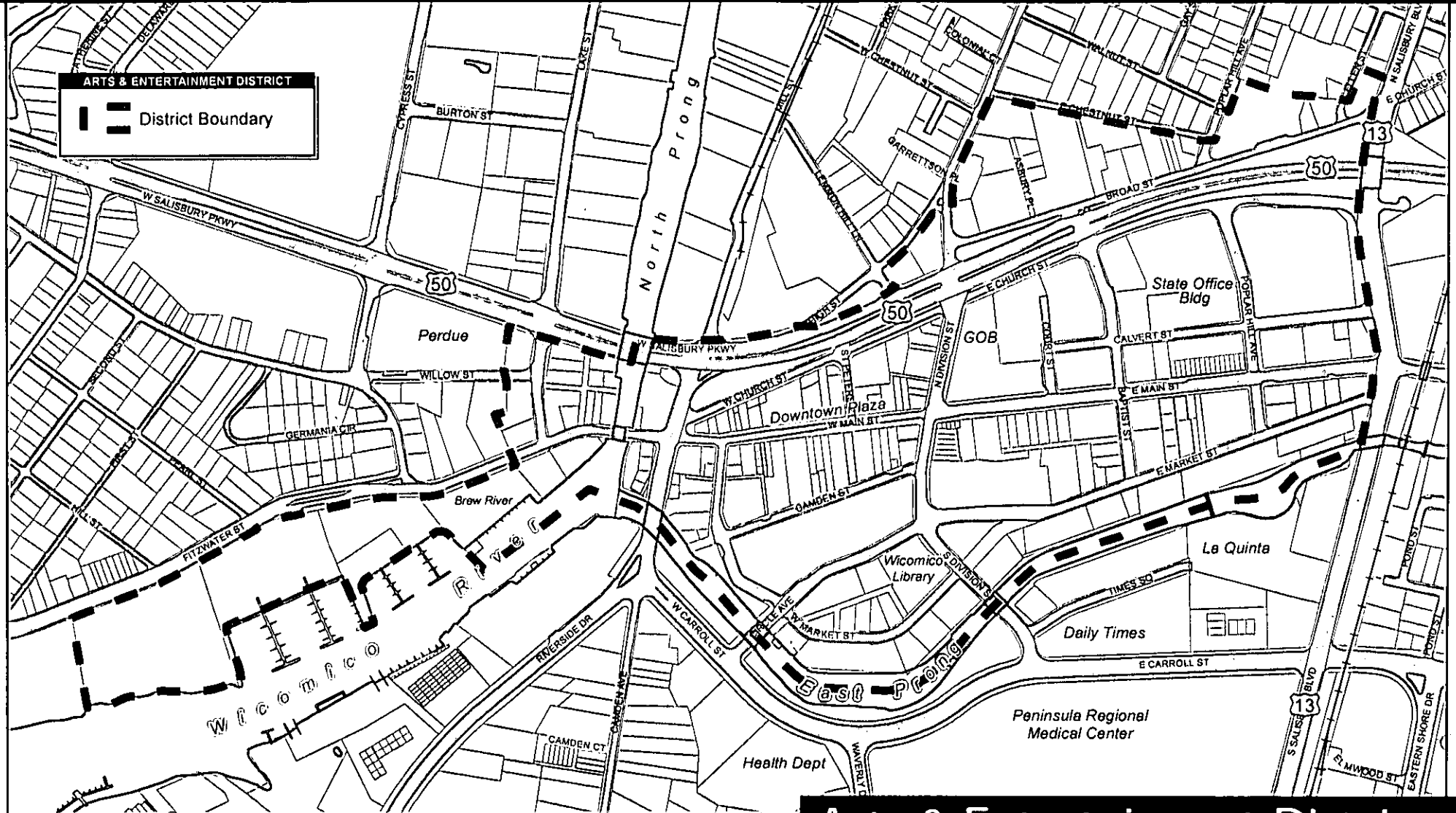
An exemption from the Admission and Amusement Tax levied on gross receipts from an admissions or amusement charge levied by an "arts and entertainment enterprise" or "qualifying residing artist" in a district.

Attached for Council approval, is a resolution of support authorizing the administration to submit a re-designation application to the Maryland Department Commerce.

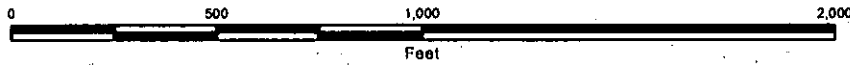
If this memo and supporting material are acceptable, I will advance this item to the City Clerk for the February 6<sup>th</sup> Work Session.

Attachment(s):       A & E District Boundary Map  
                              Resolution of Support

# CITY OF SALISBURY



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District established - 2006  
Boundary expanded - 2015

**Arts & Entertainment District**  
- *Vicinity Map* -



Salisbury Wicomico Planning Office  
July 30, 2016

